

COUNTY OF YORK, VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005

Net change in fund balances - total governmental funds \$ (12,887,172)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the loss on disposal of capital assets in the current period.

Capital outlay expenditures	\$ 21,977,526	
Depreciation expense	(2,421,659)	
Loss on disposal of capital assets	<u>(103,704)</u>	19,452,163

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue decreased by this amount in the current year	(330,111)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net assets. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

Principal repayments	4,605,268	
Amortization of premium on issuance of noncurrent debt	25,743	
Amortization of discount on issuance of noncurrent debt	(10,245)	
Amortization of debt issuance costs	<u>(9,360)</u>	4,611,406

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest payable	103,492	
Compensated absences	<u>(172,419)</u>	(68,927)

The internal service fund is used by management to charge the costs of fleet management to individual funds. The net income of the internal service fund is reported with governmental activities.

478,289

Change in net assets of governmental activities	<u>\$ 11,255,648</u>
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The accompanying notes are an integral part of the basic financial statements.